

February 27, 2014

Case No 13-53846

Judge Steven W. Rhodes
C/o Clerk of Court
U. S. Bankruptcy Court
Eastern District of Michigan
Southern District
211 W. Fort Street Suite 1800
Detroit, Michigan 48226

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U.S. Bankruptcy Court
Eastern District of Michigan
Southern District

Dear Honorable Judge Steven W. Rhodes,

As a retired City of Detroit employee I am greatly concerned by the plan of adjustment presented to the court by City representative Kevin Orr which calls for a 34% reduction to my pension payment.

I have so many emotions and concerns about this matter. I don't feel that I should have to beg for my pension benefits, nor should I have to show proof of the tremendously detrimental effect this action will have on me. Anyone who works for a living and is earning a modest salary knows that losing 34% of their income and health care benefits will have major impact on their quality of life.

I have concerns about the accuracy of the value placed on pension fund. Is the court certain that the information submitted by the Emergency Manager is accurate concerning the level of underfunded? The pension board is saying the funding is at one level and the emergency manager is saying that it is at another level? This matter is much too critical to move on without being 100% certain of the level of funding.

I recommend that the court have an third party /independent actuary firm review the pension fund, one that is not associated with the emergency manager or the pension board to determine the level of funding.

Our elected officials cannot be trusted to do what is best for the people. Case in point, Governor Snyder imposed a tax on public service pensions stating that the State of Michigan had a need for the revenue because of a deficit, but a year later the State of Michigan reported a huge surplus. Actions like this are questionable and make me very suspicious of our representatives and their motives.

The State of Michigan constitution guarantees public service workers their pensions. The governor and state representatives should be working on ways to uphold the law by protecting our pensions. Instead they are giving pensioners alternatives and making threats. It has been proposed by the Emergency

Manager if we agree not to exercise our constitutional rights to sue we can receive a little more of our benefits that the State of Michigan is supposed to guarantee? We have to listen to state representative's talk about city retirees as if we created the situation. Retirees did not create this situation! As a city employee I earned my pension as one of my benefits of my employment. The state needs to be held accountable to City of Detroit retirees and not be allowed to diminish our pensions!

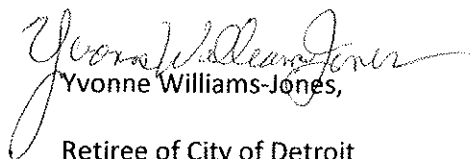
The governor is quick to say how much we need Detroit to prosper in order for the State of Michigan to prosper, but he is not willing to make sure Detroit's retirees' pensions are not reduced. The State of Michigan has the ability to provide funds to Detroit so pensioners will not have to suffer. Give Detroit the surplus funds that the state has generated. The State of Michigan has stood by and watched Detroit decay for years with little or no assistance. Another case in point, how can the governor make a decision not to provide the city with its revenue share? What is the purpose of the State?

To all of the representatives from other cities who do not feel they have a responsibility to Detroit, I ask where is all of the money Detroit contributed to the State of Michigan when Detroit was the wealthiest city in the country. To all of the wealthy companies that disinvested in Detroit and moved to neighboring cities, non union states, and out of the country, Detroit needs your support now for all of the years that Detroit provided for you! Pledging one hundred million here and there is not enough. If the State of Michigan and this court allow this plan to go forward it will be the end of public service pensions in Michigan and all over the country.

To prevent retirees from losing benefits earned, public service workers' pensions are addressed in the state constitution. The federal government also recognizes a need to protect employees' pensions from companies that end in bankruptcy under the Pension Benefits Guaranty Corp; however the federal government does not address public service workers because we are protected under the state constitution!

I applaud you for making Kevin Orr and representatives go back to the table with the banks. Kevin Orr and Governor Snyder now need to be ordered back to the table regarding these cuts to the City of Detroit retirees' pensions.

Sincerely,



Yvonne Williams-Jones,

Retiree of City of Detroit

153 Arden Park

Detroit, Michigan 48402

I am Yvonne Williams-Jones; I worked for the city of Detroit from December 1971 to December 2001. Thirty years to the date. I refuse to allow fear and intimidation to cause me to cast a vote to accept cuts to my pension that I know are wrong; a violation of the State of Michigan Constitution; and built on untruths. I voted to REJECT the plan of Adjustment for the following reasons:

1. **My pension is 100% funded**, per Gabriel Roeder Smith & Company Consultants & Actuarial, 75th Annual Actuarial Valuation, date, June 30, 2013. The DGRS funding objective is to meet long-term benefit promises through contributions made during members' working careers which is combined with investment income on System assets, will be sufficient to pay benefits throughout their retired lives. If the contributions to the System are received in a timely manner, the System will pay all promised benefits when due -- the ultimate test of financial soundness. Testing for level contribution rates is the long-term solvency test.
2. **Benefit Promises Must Be Paid For.** A retirement program is an orderly means of handing out, keeping track of, and financing contingent pension promises to a group of employees. As each member of the retirement program acquires a unit of service credit they are, in effect, handed an "IOU" which reads: "The Retirement System promises to pay you one unit of retirement benefits, payments in cash commencing when you retire." The principal related financial question is: When shall the money required to cover the "IOU" be contributed? This year, when the benefit of the member's service is received? Or, some future year when the "IOU" becomes cash demand?
3. **The Constitution of the State of Michigan is directed to the question:** "Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing unfunded accrued liabilities." This retirement system meets this constitutional requirement by having the following Financial Objective: To meet long-term benefit promises through contributions made during members' working careers which, combined with investment income on system assets, will be sufficient to pay benefits throughout their retired lives. Based on this practice alone my pension and the pensions of all City retirees are fully funded.
4. I object to the Plan of Adjustment because **it overstates the underfunded liabilities by changing the interest rate of return to 6.75%.** RATE OF RETURNS SET TOO LOW: I believe that the rate of returns on investment of 6.75% is set too low, and is a direct result of the increase of underfunded liabilities to the pension fund. Per the NASRA, (National Association of State Retirement Administrators) Public Pension Plan Investment Return Assumptions (attached), "An investment return assumption that is set too low will overstate liabilities and costs, causing current taxpayers to be overcharged and future taxpayers to be undercharged. A rate set too high will understate liabilities, undercharging current taxpayers, at the expense of future taxpayers. An assumption that is significantly wrong in either direction will cause a misallocation of resources and unfairly distribute costs among generations of taxpayers."
 - a. EXAMPLES SET A MORE APPROPRIATE REDUCTION: In the plan of adjustment the City provides an example, of CALPERS reduced it assumed rate of return from 7.75 to 7.5. This is a .25% reduction, while the City is proposing a 1.15% reduction to GRS assumed rate of return. I believe a more moderate reduction, per the CALPERS example, would serve in

the best interest of the City and the retirees. The City cites two funds whose assumed rates of return are in the 6.50 - 6.75% ranges, of 126 large public pension plans only two are in this range (see attached).

5. I object the Plan of Adjustment because; **Government Officials cannot be trusted to do what the law requires.** I do not understand how the State of Michigan can just decide not to follow the law. I am speaking of the Revenue Sharing, which is statutory revenue law. Detroit was denied \$732 million between 2003 -2013 per Michigan Municipal League, this money should have been provided to Detroit, it can be used for services, and/or the underfund liabilities. The State withheld revenue sharing is during the period that formal Mayor Kilpatrick sold the pension bonds that have be cited by EM as cause for the pension fund to be underfunded and the need for this bankruptcy. I can't help but wonder if the State had done what it was supposed to do would we even be here today?
 - a. I object to the *State of Michigan* placing conditions on helping Detroit in the so called Grand Bargain, stating it *will only help Detroit if we vote to accept this plan*, in addition they add eleven bills which gives the State of Michigan control of Detroit until The State decide it does not want it for \$194 million when the State of Michigan owes Detroit \$732 million.
 - b. I object to the recoupment of annuity interest funds from GRS retirees during 2003-2013, the action is illegal. This money was earned on the employees and retirees saving. Per John Riehl, formal chair of GRS and excess earning reserve fund was established to set aside monies during years that might not be so profitable. If the fund didn't earn the minimum guarantee amount the interest credit to employees' accounts came from reserve fund of excess interest and not the General Retirement fund.
6. I object the Plan of Adjustment because the **State of Michigan constitution guarantees public service workers pension.** I was present at the hearing when retirees stated this to you over and over and you still ruled that our pension could be impaired because federal law trumps state law. In reading the Chapter 9 Bankruptcy code it states something to the effect that Chapter 9 does not limit or impair the power of a State to control, by legislation or otherwise, a municipality of or in such State in the exercise of the political or governmental powers of the municipality. This sounds to me as if the Chapter 9 still allows you to rule consistent with the State Constitution. You also stated something to the effect where would the State get the money? Based on how the retirement system is funded, a pay-as-you-go fund, this money is there for current retirees. Through labor negotiation the retirement system has been changed for active employees: frozen for those who are vested; and 401-type investments fund going forward. These steps are sufficient to address the projected underfunded liabilities. Also let's not forget the savings the city has realize by discontinuing health care for retirees under 65 and also changing of the coverage for retirees over 65. This step passes more of the cost on to the retirees. The City has realized a saving of over \$200 million to date by this act alone. The City will realize of \$4 billion saving in health care along. The City is only two years behind in payments due to the Stay the bankruptcy afford them. The outstanding contributions are close to what the City has paid in lawyers and consulting fees for this bankruptcy to date.

- a. I object to the *extraordinary amount of pressure put on retirees to vote to ACCEPT the plan of adjustment*. We were bombarded with if you vote to ACCEPT you will receive lower cuts, if you REJECT the judge will cram down the higher cuts. We heard this from ever source, retiree's official committee, DRECEA, DGRS, and, news media and others on a daily every basis. Telling us to save yourselves and vote to ACCEPT the lower cuts because if you REJECT Judge Rhodes would cram down the higher cuts. Everything that I have read about Chapter 9 and the judge's role states that the Judge is to make sure the Plan is fair and NOT a penalty. I believe that this process was unfair and put a lot of stress and duress on retirees. Retirees were not given all of the correct information, nor where they left alone to decide what in our best interest. Too much outside pressure via media advertisements and the above named sources (sponsored by the EM, paid for with our funds) was placed on retirees.

I REJECT the plan of adjustment, and I have been vocal about my objections, I have been interviewed by several news media which has caused me to be the subject of some negative criticisms from various sources. Stevie Henderson, Editor of the Detroit Free Press use my comments to another reporter as the basis for his editorial where he entitled "Step up- for yourself, for Detroit," with my picture, even though I was not interview by him. He went on to say what he would tell his mother to do. I have been called lazy; I have been accused of being responsible for the City Detroit's financial condition. It is for these reasons that I felt it necessary to tell the court a little about me.

I was hired as a Junior Clerk, with funds provide by the Emergency Employment Act, a federal program, Detroit was having financial problems due to the loss of auto industry and taxes dollars as the factories close down in Detroit, while other businesses followed (in 1971). I retired from Employment and Training Department, as a Manager of the Fiscal Unit, having management responsibility for contract compliance. The Employment and Training Department was responsible for providing training and employment opportunities to Detroit's underemployed and unemployed citizens. This department was federally funded through the State of Michigan. While working with the City of Detroit I earned my Bachelor Degree from Wayne State in Business Admiration, in addition to being married and having and raised four children while working for City of Detroit. I volunteer at my children's schools, at my church and in my community. I still do volunteer in my community; I have served as my neighborhood association president, I am currently secretary of my neighborhood association. I set on several boards in my community; I am a board member of the Delores Bennett Adopt a Child for Christmas, a program where we put together Good Samaritans to provide Christmas gifts for children who are less fortune. Each year we provide Christmas gifts for over 3,000 children at our annual Christmas party at Cobo Hall. I also work with a group of women who raise funds for day care school in Sierra Leon, Africa; we host an annual fundraiser for the school.

As I stated in my letter of objection to this court I do not feel that I should have to beg for my pension benefits, nor should I have to show proof of the tremendously detrimental effect cutting of my pension will have on my life that is a given. I reject this plan because it is unfair to retirees, placing the burden of Detroit's financial problems on retirees and not the real sources, the Banks and State of Michigan. The purpose of the government is to provide for its citizens, which retirees are a part of. To allow private

corporate lawyer firms to come in cities and loots public pension funds in the name of bankruptcy is un-American. It the State of Michigan and this Bankruptcy courts won't stop this; I believe the Federal government needs to investigate this process and change the code to protect its public service workers across the country. I reject the plan of adjustment because it is an unfair plan, placing unnecessary financial burden on retirees of Detroit.